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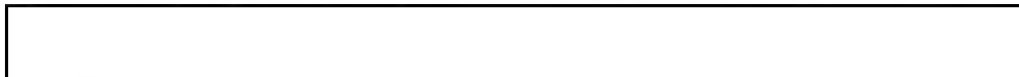


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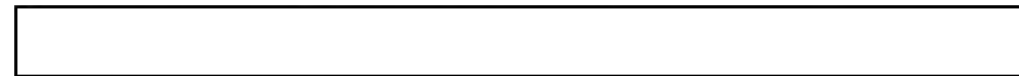
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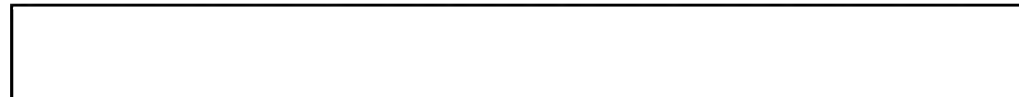
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EGYPT

The Egyptian student demonstrations held last week to protest the second Sinai disengagement agreement apparently grew out of a week-long "Nasirist Thought Conference" at a Cairo university. The conference attacked the government on a broad front and called for a return of Nasirism.

Although speeches at the conference and an opening communique avoided reference to the Sinai accord and refrained from direct attacks on President Sadat, the theme of the student-sponsored conference was bitter criticism of government policies in general.

In the first organized attack on the government in several months, speakers warned against the alleged dangers of the government's efforts to liberalize the economy, decried corruption and the rise of "nouveau riche capitalists," and denounced the rightward turn of Egypt's sole political party. Organizers arranged for three of Nasir's children to attend, and his son-in-law delivered a speech lamenting Egypt's move away from Nasirism.

In an effort to gain wide publicity, the organizers invited large numbers of press and radio reporters. All news of the conference has been suppressed, however, except in leftist student weeklies—an obvious government effort to avoid fueling further protests.

Government officials are becoming increasingly concerned that the opening of the school year on October 18 will bring more disturbances on university campuses. President Sadat said in a speech last week that he would not tolerate leftist student protests, and he undoubtedly means what he says.

Security forces were much in evidence during the conference, and they can probably handle any disturbances. They quickly put down a sizable labor demonstration in Cairo on New Year's Day and succeeded, through widespread arrests of active and potential agitators, in discouraging a recurrence.

Nonetheless, the students and opportunistic politicians inclined to manipulate them have a real potential for causing trouble, and police suppression could itself be a cause for additional discontent. Although most Egyptians still appear to support the disengagement agreement, there are legitimate economic grievances that leftists will probably attempt to exploit.

The disengagement has given agitators another emotional issue over which they might more easily stir up trouble. Because the disengagement has undermined the

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position of leadership in the Arab world that Nasir built up for Egypt, Sadat is more vulnerable to charges—even from those who do not oppose the agreement—of destroying the Nasir legacy.

In an effort to foment discontent in Egypt on precisely these grounds, Soviet and Syrian propagandists invoked Nasir's memory extensively in commentaries on the anniversary of his death last Sunday. Neither Moscow nor Damascus had ever previously taken note of the anniversary, and the Syrians were at loggerheads with Nasir during most of his rule.

Apparently fearing the effect in Egypt of an emotional appeal for the return of Nasirism, Sadat during his speech on the anniversary denounced those who, having "spent their lives combating Nasir, are now trying to use his heritage as merchandise and an excuse to attack Egypt."

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TURKEY-US

Reactions to the partial lifting of the US arms embargo on Turkey have been relatively subdued among both Greeks and Turks.

Turkish Foreign Minister Caglayangil said the lifting was a positive development, but he ruled out any immediate change in the status of the deactivated US installations. Any such action will apparently hinge on the negotiations—as yet unscheduled—for a new US-Turkish defense cooperation agreement.

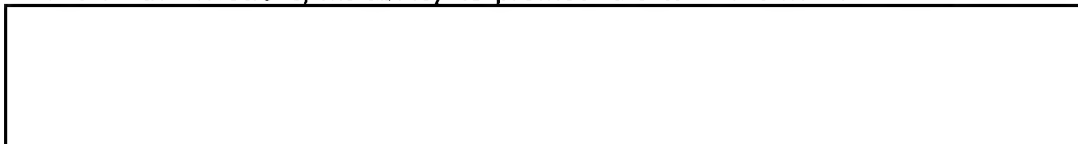
The Turks undoubtedly still hope for a complete lifting of the embargo, but [redacted] the military, in particular, would be pleased with the partial removal. The cautious reaction of the Demirel government yesterday probably reflected not only a desire to avoid overplaying its hand prior to negotiations for a new defense agreement but also its reading of the political mood in Turkey as the senatorial elections of October 12 draw near.

Demirel probably hopes that even a partial lifting of the embargo will be viewed as a foreign policy success for his government. He is wary, nevertheless, of appearing to "kowtow to the Americans." Speaking at a campaign rally, opposition leader Ecevit was highly critical of the US action, especially the provision for consultations on opium-poppy controls.

The reaction in Athens and Nicosia was also restrained. No significant anti-US demonstrations occurred in either capital, although riot police reportedly manned barbed-wire barricades around the US embassy in Nicosia in anticipation of violence. Government officials reportedly also took steps to dissuade students from participating in anti-US demonstrations.

Officials of the Greek and Cypriot governments expressed regret over the resumption of arms shipments to Turkey, but said they understood that those who supported the move believed that it would help toward a settlement of the Cyprus issue.

No movement toward progress on the Cyprus problem is likely until after the Turkish senatorial elections. If Demirel's party equals or betters its performance of 1973, chances for movement toward a Cyprus settlement will improve. If his party falters in the elections, his ability to promote a settlement will be further limited.



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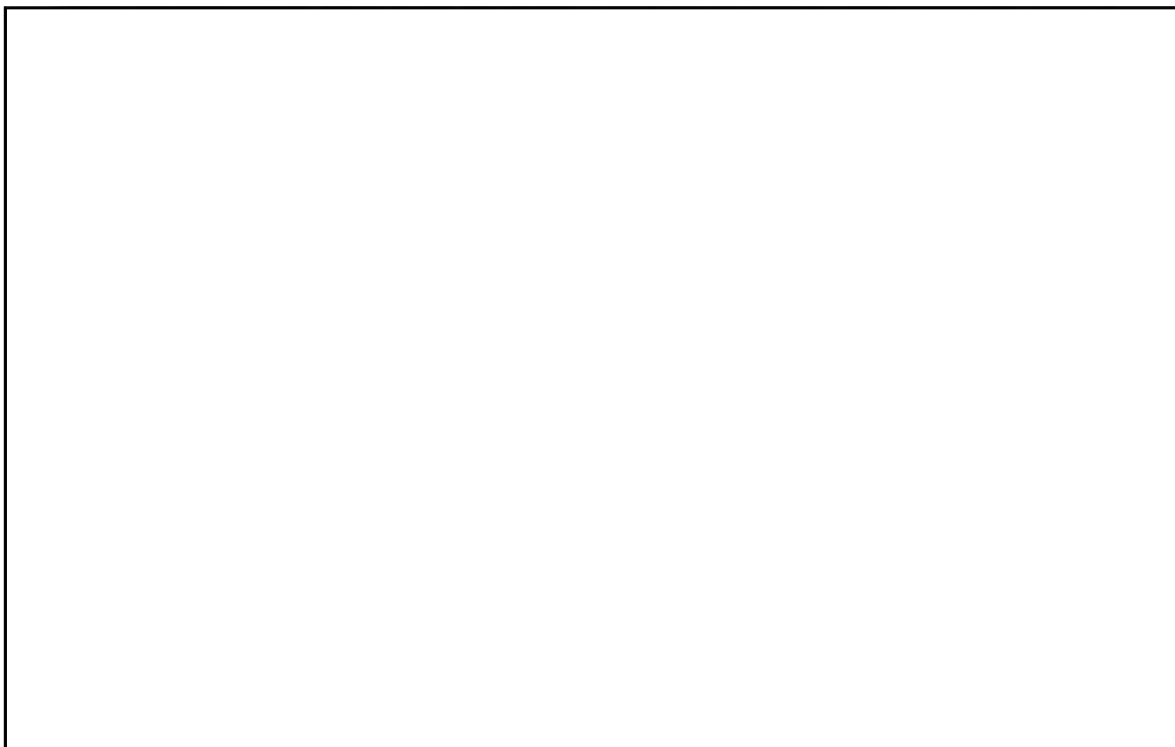
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LEBANON

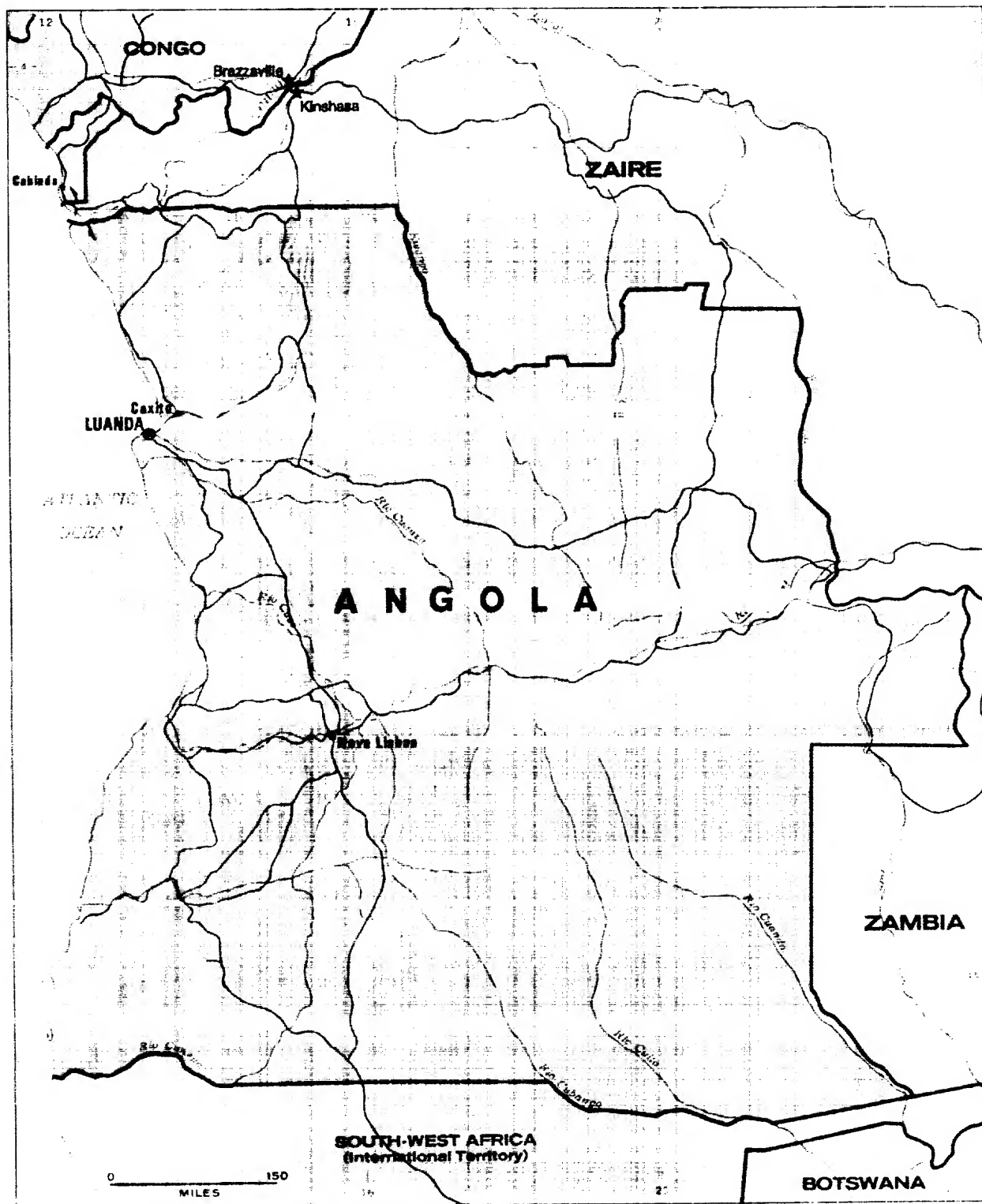
The security situation in Beirut improved considerably yesterday, although minor clashes took place in and around the capital and in the Tripoli area. The five-day Muslim holiday beginning this weekend may help ease tensions further.

Four unidentified armed men surprised guards at Beirut airport early this morning and fired indiscriminately into the main lobby, reportedly killing or wounding a number of people. Beirut radio claims security forces have "contained the operation" and are "in complete control."

Because of the holiday, the national reconciliation committee will not meet again until October 9. The committee has functioned fairly effectively in helping to ease the security situation, but it has not been able to come to grips with any of the basic political issues underlying the crisis.



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ANGOLA

There has been a lull in the civil war between the territory's three rival liberation groups. All three groups appear to be concentrating on building up their supplies for more serious fighting in the near future.

National Front forces in the north have not moved forward significantly since mid-September, when they retook the important junction town of Caxito, some 40 miles northeast of Luanda. They are, however, probing outlying defenses of the Popular Movement for the Liberation of Angola.

In central Angola, forces of the Popular Movement reportedly are moving toward Nova Lisboa, the headquarters of the National Union for the Total Independence of Angola.

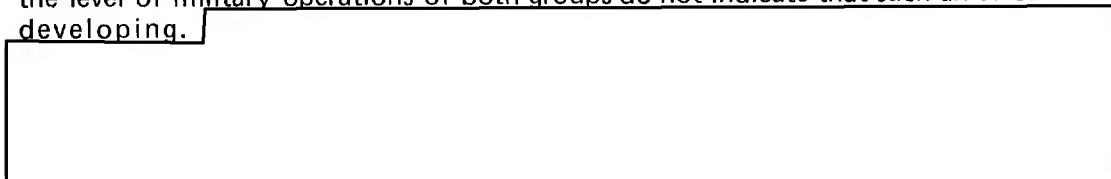


Nova Lisboa has been a major refugee reception center, and the liberation groups have been waiting for the evacuation of refugees to be completed before launching military operations in the area. The airlift from Nova Lisboa ends today.

Portuguese evacuation efforts will now be concentrated in Luanda and several small ports along the southern and central coast. Officials in Lisbon estimate that 140,000 whites have been airlifted from the territory since the evacuation got under way in early August. Another 140,000 refugees are still waiting.

The high commissioner professes to be optimistic that the Popular Movement and the National Union will come to a political accommodation, perhaps by late October. So far, however, the Portuguese have not been successful in their efforts to promote such an arrangement. The Popular Movement still holds the advantage, both politically and militarily, and shows no willingness to make concessions to anyone. Its leaders expect that on November 11, Lisbon will have no alternative but to leave the Popular Movement in control.

At this stage, probably only a massive military effort by the National Union and the National Front subjecting the Popular Movement to intense, sustained pressure could make the Movement relent and accept a coalition government. So far, the level of military operations of both groups do not indicate that such an effort is developing.



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ICELAND

Opponents of the US-manned NATO base at Keflavik are stirring again for the first time in over a year.

Some 50 fairly prominent leftists—including educators, labor leaders, and politicians—are sponsoring a seminar on October 11 and 12 on the theme of the "occupation" of Iceland.

With parliament reconvening next Friday, and US Admiral Kidd visiting from October 12 to 14, supporters frankly admit that it is an opportune moment to resume the anti-base movement. The opponents hope to demonstrate that the formation last year of a government coalition pledged to retain the base does not imply that domestic opposition no longer exists. To generate enthusiasm for the campaign, the communist-led press has begun to focus on anti-base themes.

A successful revival of this issue could drag the US into the next round of fisheries negotiations between Reykjavik and several European NATO partners. In the last go-around, Icelandic leaders argued that the country's continued membership in the alliance depended on a successful negotiation of fishing agreements. Leaders of the present coalition may again welcome US involvement. They are under domestic pressure to grant few, if any, fishing concessions, and recently warned US Ambassador Irving that the fishing issue might again become intertwined with the question of continued operation of the NATO base.

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CHINA

Peking's National Day reporting on the economy points to a strong recovery in 1975 from the slow growth achieved last year.

According to figures for the first eight months, overall industrial output increased 17.3 percent compared with the same period last year. Crude oil production reportedly went up 25.5 percent and electric power 15.7 percent. Considerably smaller increases were implied for other industries, including such troubled sectors as coal and iron and steel. "Good harvests" were claimed for summer crops and early rice, despite acknowledged dry spells, continuous wet weather, low temperatures, and floods in various parts of the country.

These reports do not, however, give a true picture of economic growth. Peking failed to indicate that the large gains in industry were attainable mainly because the economy was operating well below capacity over much of last year, as a result of factional strife, labor unrest, transport tie-ups, and shortages of coal and other raw materials.

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ARGENTINA

Economy Minister Cafiero, who for a time had benefited from a relative political lull, is coming under increasing pressure from union leaders for further wage hikes.

Spokesman for the workers claim that continuing high rates of inflation have begun to negate huge increases won in last summer's confrontation with the administration. Cafiero, who was a long-time adviser to Peronist labor and thus far has its support, seeks to stave off further wage increases as a vital part of his effort to restore order to the economy. Although Cafiero has admitted that workers' purchasing power has declined since the last increase, he has also declared that an additional increase is not justified at this time and that future pay hikes should be tied to increased productivity.

In calling for higher salaries, labor leaders are responding to worker restiveness over the constantly rising cost of living. The top unionists recognize the inflationary effects of such increases, but they nonetheless feel compelled to echo the workers' demands for more money, lest they lose control of the labor movement. The administration has responded by announcing plans to form a national wage institute to evaluate the effects of inflation and recommend salary increases when it deems them necessary.

Fearing the loss of his authority, at least one top labor leader has sided with President Maria Estela Peron in her recent political troubles, in hopes that by stressing his support for Peronism and for the heir of the dead leader, he can maintain his prestige with workers. Support for the President, however, places him in opposition to acting President Luder, who like many influential military men favors Peron's continued absence, if not her ouster. Cafiero must remain outside this dispute if he is to retain labor's backing and an effective role on the Luder team.

Meanwhile, the administration has announced the creation of a national defense council to centralize authority for the anti-terrorist effort within the federal government, particularly the armed forces. The council, led by the acting President, is made up of the defense minister and the commanders of the armed services.

Luder has completed for the time being at least the reorganization of the cabinet by naming Supreme Court Justice Arauz Castex foreign minister. The appointment frees Angel Robledo, who had been heading the Foreign Ministry as well as the Interior Ministry, to concentrate his full attention on the latter and politically more significant post.

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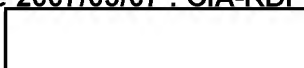
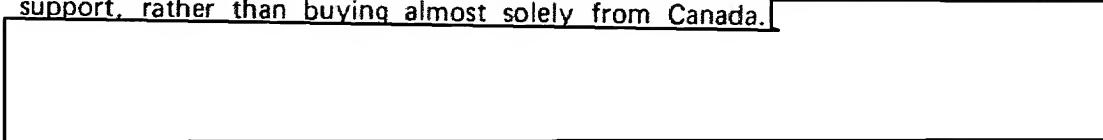
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FOR THE RECORD



USSR: A small Soviet fisheries-support tanker yesterday loaded nearly 4,000 tons of bunker fuel at Linden, New Jersey, for use by the Soviet fishing fleet operating off the US East Coast. This is the first known instance of a Soviet tanker loading POL products at a US port to support the fishing fleet. The port call was necessitated by the closure of Canada's east coast ports to the fleet last July. Canada reopened its ports this week, however, after negotiations with Moscow. The Soviets may attempt to continue to utilize US ports to some degree for replenishment support, rather than buying almost solely from Canada.



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